

PERKINS
CAPITAL
MANAGEMENT, INC.

October 25, 2000

Dear PCM Client:

In last October's letter, we extolled the beauty of that autumn season, which was quite exceptional. This fall the beauty is here again, although perhaps not quite as spectacular as last year, but spectacular, nonetheless. As we have said many times, our New Year starts now and not on January 1, for this is the time of the year when change in nature takes place - - the decline of vegetation, the storing of nuts for winter by the squirrels, the migration of the waterfowl, and the fall colors as the leaves prepare to drop. All this and much more signifies the end of another year, at least in nature. So we, too, end our year in autumn, take a hiatus for a few months (hibernation) and start our new year in April, when nature comes back to life, the ducks and geese return, the mushrooms fruit and the trees blossom again with new leaves. Think about it. We know you will agree.

WATCH OUT FOR FALLING DUCKS - PART I I

In our October 27, 1999 client letter we described our duck camp near Hawick, about 90 miles west of Wayzata, where we have a sign nailed to a tree that says, "Watch Out For Falling Ducks." We described the camp and how it was built from scratch over the years and how this beautiful spot gives our friends and us a lot of pleasure each fall. We celebrated the opening of the duck shooting season there on September 30 with the usual complement of friends, as we have each fall for probably in excess of 30 years now. It was a great opener with lots of ducks and very warm weather, but sadly the water in the slough is at nearly an all-time low, and thus navigating was very hard work. So the duck camp has already been closed and we will concentrate our pursuit of waterfowl at our northern hideaway. We had also said in our October 1999 letter that we would tell our readers about Dumbbell Lake in this issue, and so that description follows.

Back in the early 1980s, Perk decided to look for a place to hunt diver ducks (scaup, goldeneye, canvasback, redheads and buffleheads) as opposed to the puddle ducks (mallards, teal, wood ducks, and gadwall) which we shoot at the Hawick camp. And so, he began to answer ads and talk to realtors looking for such a place, and he found a 400-plus acre area between Park Rapids and Detroit Lakes, which had a 175-acre lake within it as well as some shoreline on a larger lake, Shell Lake. The place had a small three-room cabin which was built in about 1940, a small cleaning shed and another small shed for duck boats. It was owned by Tom Wake, an elderly banker from Nebraska, who was selling it because his age did not permit him to use it much. The place was not well maintained and the area around the house and immediate grounds was quite overgrown. Anyway, Perk made an offer on the place and was delighted to have it accepted in time for use during the season that fall. It was a "turn key" deal with all the duck boats, motors,

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INVESTMENT MANAGEMENT

furniture and everything else thrown in. And so, after shooting at the Hawick camp he drove the 2½ hours north to the new place getting there after dark. In the morning (still dark, of course) he went down to the boat house and pushed a duck boat out only to find that it kept on going - - on the ice! It had turned very cold and the lake had frozen overnight. So Perk was disappointed and decided to chalk it up as a bust and go home. But he called his new neighbor, John Racer, who said, "No, we will go out on Shell Lake. I'll be right over." So, John and Perk had their first of many duck hunts and a memorable one at that. It was cold, windy and snowing, and the "bills" came into them like homing pigeons. It was a once in a lifetime experience.

Well, over time Perk has made numerous changes, the biggest being the building of a house in which the old one became the three upstairs bedrooms. There are two bedrooms in the lower level, each with two bunk beds, and all together the place can sleep sixteen people. There are three fireplaces, a Jacuzzi, hot tub, sauna, pool table and many other accoutrements. All in all, it's a great place. Then later the boathouse was expanded to hold four duck boats and decoys, a storage/tool/woodshed was built, and later a 2½ car garage, which today holds a boat, four snowmobiles and four 4-wheelers. Over time, five duck blinds were built. More land has been acquired over the years, so there is now about 700 acres with lengthy trails cut throughout for snowmobiling and 4-wheeler riding. Stony Creek, which runs out of the lake to Shell Lake, even has its own adjustable dam to control water flow. This property offers recreation for the entire Perkins clan and friends - duck, grouse and deer hunting in the fall, snowmobiling in the winter, 4-wheeling in the spring, summer and fall. And, when we get tired of those things, we can swat mosquitoes and deer flies during their season. By the way, the lake came appropriately named for the owner - Dumbbell. There are stories about how it came to be named, but the most logical is that it really consists of two lakes with a channel between them, and hence, from the air it looks like a dumbbell. We call the place Dumbbell Lake Lodge. We also shoot on a point of land on Shell Lake, which belongs to John Racer, where the shooting lasts longer as it freezes later than Dumbbell. In our October 1999 letter we also talked about Bo, our black lab who "don't hunt." But now this year Dana's son, Tony, has his new yellow lab, Oliver Twist, who has been in training for a year and who retrieves ducks with perfection.

Now you know, if you didn't already, why fall is such a special time for us.

WATCH OUT FOR FALLING STOCKS - PART I I

Also in our last October letter we had a section titled "Watch Out For Falling Stocks." That discussion is as relevant now as it was then, and perhaps more so. Even prior to October we had been writing about the overvaluation of the large-cap stocks, such as Microsoft, GE, Intel, Wal-Mart, Cisco and many more. We pointed out that in the S&P 500 the top five just named contributed 15% of the weight, the top ten (2% numerically of the 500) 24% of the weight, and the top 50 (only 10% numerically) 58% of the weight. Likewise, the top ten stocks make up 38% of the weight of the NASDAQ composite and the top fifty about 60%. Since there are 4413 stocks in the composite average, about two-tenths of 1% of

the number of stocks are worth 43% of the weight, and 1% of the stocks worth 60%. Therefore, 99% of the stocks carry only 40% of the weight. The real market for stocks has been declining since April 1998, which is when the advance decline line for all the various averages peaked. So therefore most stocks are down, but the averages, weighted toward the large companies, have been doing a great job of camouflaging the real market. The true market is shown in the chart below of the NYSE index vs. its advance decline line since 1995.



Now, one year later, the overvaluation of the TNT stocks (technology, network and telecom) still exists, but not to the extent of even a few weeks ago before the mid-October decline. In our last July letter, we had an appendix which discussed overvaluation as Graham and Dodd saw it in 1934, which seemed to fit the current situation almost perfectly. If you did not read it, dig it out and do so now; if you didn't read it and cannot find your letter, let us know and we will send one to you. This is how important we think the appendix is. We saw somewhat of a modern sequel in the September 11 *New Yorker* magazine. The message is the same, i.e., that in theory investors should care about only one thing, future profits; **yet the error is paying any price for growth.** The author contrasts old economy stalwarts like AT&T, Philip Morris, and Bank of America with Brocade Communications Systems, a manufacturer of fibre-channel switches for storage-area networks. Philip Morris sells at a 9 P/E and has an annual cash flow of \$11 billion. Bank of America has a P/E of 10 and earns \$10 billion per year in profits. Brocade, on the

other hand sells at a 600 P/E and as the author points out " . . . even if Brocade catches all the breaks and grows as fast as any company has in recent history, it will still make less money in the next 10 years than Bank of America, Philip Morris or AT&T will make in this year alone." Hard to believe, but the *New Yorker* would not allow us to reprint the article so you will have to search for the September 11 issue where you will find it on page 41.

In the past few weeks we have seen significant corrections in many of the high P/E large-cap stocks. So, the piper is finally being paid, and sentiment is switching around to the point that we might just get our predicted ten-year bottom in October. Reprinted below is the table from our April letter, which shows that there is always a significant bottom in the 10th year of the decade. The decline that results in this bottom may start in the 9th year or in the 10th year, but it always has ended in the 10th year. Those 10th year declines have averaged 28% since 1890, but once the bottom is in, we will embark on a rise into the next high, which on average has taken 14 months to achieve a 36% average gain. The closing high in the Dow Jones was 11,723, reached on January 14. If we achieve the average decline, we would wind up at about 8450. Recently the Dow reached an intraday low of 9571. The table used the Dow Jones Industrial Average, obviously, because nothing else is available to measure back 100 years. But the NASDAQ today may be a better measure; for the closing high was reached on March 10, 2000 at 5048; a 28% decline would take it to 3635, which has already been reached. The NASDAQ intraday low was reached on October 18 at 3026, a 40% decline. We will see how this all turns out, as there are less than three months remaining in the year.

DECLINES INTO 10 TH YEARS & FOLLOWING RISES				
<u>Start Of Decline</u>	<u>% Decline</u>	<u>End Of Decline</u>	<u>Next High</u>	<u>% Rise</u>
5/17/1890	-22.6%	12/8/1890	3/4/1892	+30.3%
9/5/1899	-31.8%	9/24/1900	6/17/1901	+47.8%
11/19/1909	-26.8%	7/26/1910	6/19/1911	+18.3%
11/3/1919	-44.2%	12/21/1920	5/5/1921	+19.9%
9/3/1929	-58.7%	12/16/1930	2/24/1931	+23.4%
9/12/1939	-28.3%	6/10/1940	11/9/1940	+23.5%
6/12/1950	-13.5%	7/13/1950	1/5/1953	+48.8%
1/5/1960	-17.4%	10/25/1960	12/13/1961	+29.8%
7/3/1969	-28.8%	5/26/1970	4/28/1971	+50.6%
2/13/1980	-16.0%	4/21/1980	4/27/1981	+34.9%
7/17/1990	-21.2%	10/11/1990	1/31/1994	+68.2%
<u>Averages</u>				
1/14 of 10 th yrs	-28.1%	9/03 of 10 th yrs	13.9 Mos.	+36.0%

Source: Growth Fund Research, Inc.

Also, remember that we are entering the "favorable" part of the year for the market, October to May, when the market has advanced 36 times or 72% since 1950. As the table on page 5 shows, holding during the unfavorable period over 50 years has resulted in only a \$3,810 gain on a \$10,000 investment, but starting with \$10,000 and investing only in the favorable period has produced gains of \$560,926. While not every favorable period has been up, most of them have been. Remember, also, that we are in an election year and that typically the market does move upward at least until inauguration. Therefore, it seems

Year	S&P % Change 6th Trading Day of May-Sept. 30th	Investing \$10,000	S&P % Change Oct. 1st- 5th Trad. Day of May	Investing \$10,000
1950	6.75	10,675	16.66	11,666
1951	2.51	10,943	1.76	11,871
1952	3.68	11,345	1.47	12,046
1953	-6.22	10,639	22.70	14,780
1954	12.77	11,998	17.27	17,332
1955	15.25	13,829	10.42	19,138
1956	-5.95	13,006	1.72	19,467
1957	-8.04	11,960	3.56	20,160
1958	13.95	13,629	13.62	22,907
1959	0.00	13,629	-3.74	22,049
1960	-2.25	13,322	24.29	27,405
1961	0.32	13,364	-1.06	27,113
1962	-14.77	11,391	23.41	33,459
1963	3.25	11,761	13.18	37,869
1964	3.73	12,201	6.74	40,419
1965	0.12	12,216	-2.36	39,467
1966	-12.84	10,647	23.35	48,684
1967	2.40	10,903	2.26	49,786
1968	3.81	11,318	1.95	50,756
1969	-11.03	10,069	-14.27	43,512
1970	5.49	10,622	22.16	53,154
1971	-4.40	10,154	8.43	57,635
1972	3.68	10,527	-0.02	57,625
1973	-1.90	10,327	-15.65	48,606
1974	-30.53	7,175	40.20	68,143
1975	-5.85	6,755	21.47	82,776
1976	3.30	6,978	-5.46	78,254
1977	-2.98	6,770	0.00	78,254
1978	6.23	7,192	-3.43	75,567
1979	10.40	7,940	-1.96	74,088
1980	17.06	9,294	4.95	77,755
1981	-11.76	8,201	2.83	79,957
1982	0.80	8,266	37.93	110,288
1983	-0.02	8,264	-3.97	105,905
1984	4.16	8,608	8.83	115,252
1985	0.73	8,671	29.66	149,433
1986	-2.02	8,496	27.40	190,383
1987	9.20	9,278	-20.00	152,316
1988	5.60	9,798	13.13	172,314
1989	13.50	11,121	-2.47	168,059
1990	-10.13	9,995	23.29	207,195
1991	2.79	10,274	7.22	222,148
1992	0.47	10,322	5.87	235,180
1993	3.76	10,710	-2.42	229,487
1994	3.32	11,066	12.41	257,971
1995	12.36	12,434	9.21	281,741
1996	7.68	13,389	18.67	334,338
1997	16.14	15,550	15.61	386,525
1998	-7.13	14,441	32.25	511,181
1999	-4.63	13,772	11.69	570,926
2000	0.27	13,810	N/A	N/A
Net gain since 1950		\$3,810		\$560,926

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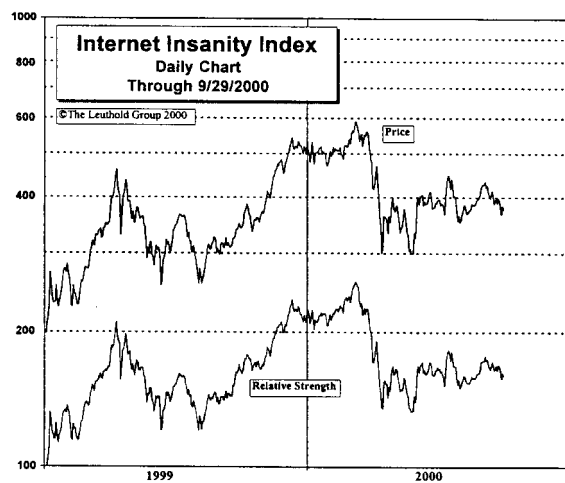
to us that we will see a bottom somewhere here in October, and then might very well see a better market on into early next year.

THE .COM GRAVEYARD

Last April we wrote a little about the dot-com mania titled "The Charge Of The Light Headed Brigade" and we said that "The lunatics had really been in charge of the asylum," and that "We think this game is over, it's just that not everyone knows it yet." Now the chickens are beginning to come home to roost. In early October, Priceline.com WebHouse Club threw in the towel, unable to raise more funds to keep going. Investors who funded this private company stand to lose about \$360 million which they put into the venture. And on October 13, Scour, Inc., an Internet music trading company backed by Michael Ovitz filed Chapter 11. The same week Chipshot.com, a golf equipment .etailer, also filed Chapter 11. At least eight other dot-coms have folded this year; some sources say there have been at least 100, both public and private. Just last week a Minneapolis

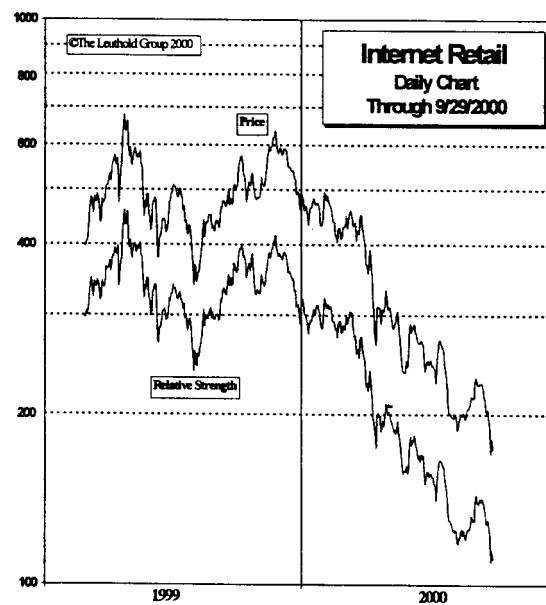
Internet company, Cranes Pharmacy.com closed up shop, unable to secure more financing. Presumably, this is only the beginning. Shown below is a schedule put together by *Investor's Business Daily*, which details some of these debacles.

Dot-com Failures			
Company	Specialty	Failed	Status
Scour	Music trading	Oct. 13	Chapter 11 bankruptcy
Chipshot.com	Golf equipment	Oct. 11	Chapter 11 bankruptcy
Priceline.com WebHouse Club	Discount gasoline and groceries	Oct. 5	Unable to raise funds or make profit*
Productopia	Consumer information	Oct. 2	Website shutdown pending
Pseudo Programs	Streaming Video	Sept. 18	Unable to find funding or buyer
Atomic Pop	Music	Sept. 11	Closed operations
ValueAmerica	E-commerce development	Aug. 14	Chapter 11 bankruptcy, hopes to find buyer
Petstore.com	Pet product sales	June 13	Sold assets and contracts to Pets.com
Reel.com	Entertainment e-commerce	June 12	Directing sales to Buy.com
NewsWatch.org	Media	May 30	Closed operations
Toysmart.com	Toy sales	May 19	Closed operations

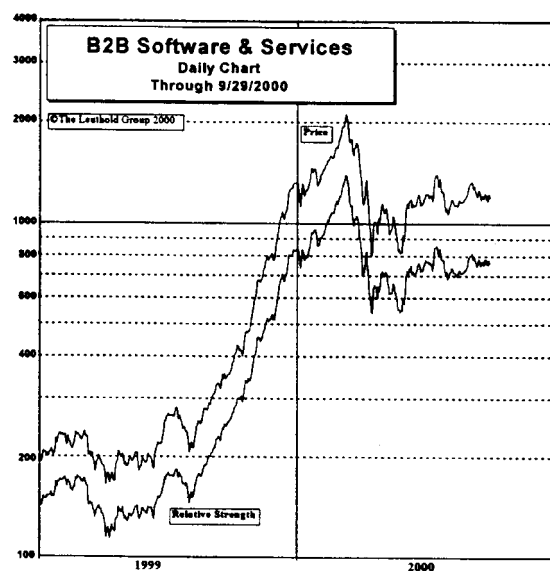


Top Five Performers

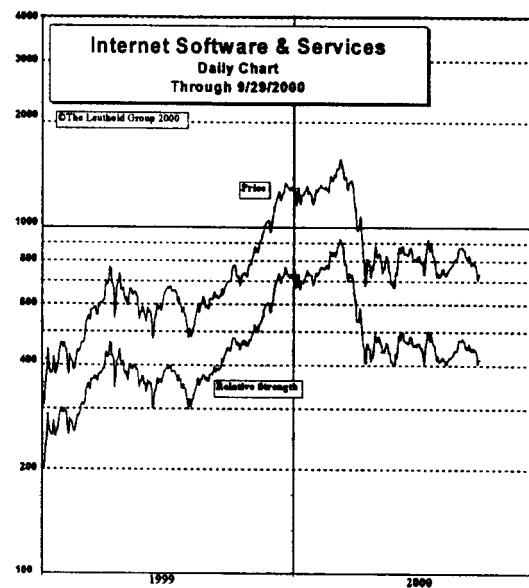
	Q3	Bottom Five Performers	Q3
I2 Technologies	+79%	Viant Corp.	-80%
Commerce One	+73	PriceLine.com	-69
Retek Inc.	+66	Accrue Software	-66
Bea Systems Inc.	+58	Kena Comm.	-64
Ameritrade	+53	PSINet Inc.	-62



- September: -19.0% YTD: -62.5%
- Best Q3 Performer: GoTo.Com (GOTO) +8%
- Worst Q3 Performer: PriceLine.com (PCLN) -69%



- September: -8.4% YTD: -10.2%
- Best Q3 Performer: I2Technologies (ITWO) +79%
- Worst Q3 Performer: Viant Corp. (VIAN) -80%



- September: -16.8% YTD: -42.8%
- Best Q3 Performer: Check Point Software (CHKP) +49%
- Worst Q3 Performer: PSINet Inc (PSIX) -62%

Obviously, there is a profound change in investor sentiment for Internet companies. It is now just as difficult to get dot-com financing as it was easy a few years ago as the Internet backers have changed their tune. Henry Blodget, for example, a Merrill Lynch analyst and formerly bullish spokesperson for dot-coms recently predicted that 30% of the public Internet companies will go broke or be acquired at \$1 or \$2 per share. And today, many are still extremely overvalued despite their declines. Looking through charts/analytical information, we routinely see companies selling at market capitalizations of \$1, \$2 or \$3 billion (or more) and with sales of \$10 million to \$100 million. Our favorite market historian, Steve Leuthold, has something called his Internet Insanity Index with various subsets. On the previous page we show that index and three of the subsets. It is easy to see the worst performance is the Internet Retail subset, dropping from an index high of nearly 700 in 1999 to below 200 currently, and no bottom is in sight. The B2B Software & Services subset and the Internet Software Services subset both look to us like they will soon break down to lower levels, so watch out below.

The Internet mania brings to mind a happening in Perk's early life as an analyst. When he joined Piper Jaffray in 1966, the first company he interviewed and wrote a research report on was Deluxe Check Printers Corporation, now known as Deluxe Corporation. Back then Deluxe had a stellar record, some 25 consecutive years of rising sales and earnings, such that it should have commanded a premium multiple. Ah, but there was a slight problem. Many people were worried about the "checkless society" and the press made it into a much bigger issue than it should have been. *Business Week*, for one, had a cover story about it. Anyway, Joe Rose, the Chairman and President at the time, told Perk that the move to the so-called checkless society would be "evolutionary and not revolutionary." It made sense and, of course, he was right. So here we are 34 years later and we still write checks, albeit fewer with each passing year. And so it will be with the Internet. Revolutionary? No. An evolutionary model is the right one and it could very well be that 25 or more years could pass before the evolution is complete.

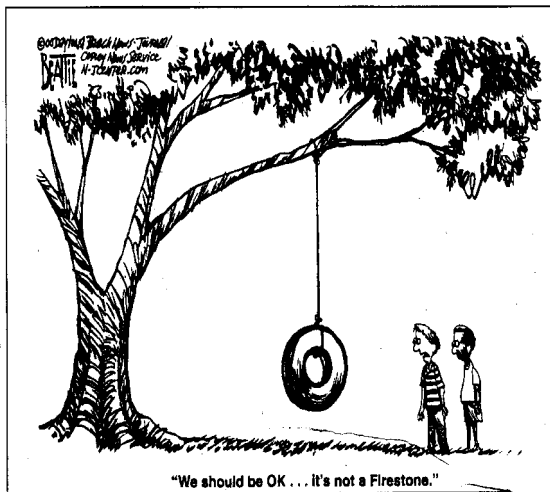
FIRESTONE: A LEGEND. A CENTURY. A CELEBRATION.

The title of this section is the theme of the celebration of Firestone's 100th anniversary. Yes, it was in August 1900, that Harvey Firestone incorporated the Firestone Tire & Rubber Company in Akron, Ohio. In the beginning, the company only sold tires made by others (solid rubber tires), but in 1904 he designed the pneumatic tire, which gave a much better ride. He had met Henry Ford in 1895 when Firestone was a buggy salesman, and during 1904, he contacted Henry Ford and in 1906, Ford gave him his first big break by ordering 2,000 sets of pneumatic or "balloon" tires. And so, you see, the Firestone relationship with Ford Motor goes back a very long way. Over the years, Firestone and Ford prospered together. The company was also a pioneer in the design of rubber tires for tractors with rubber cleats to replace the metal cleats which existed at the time.

But the Bridgestone story is interesting also. In Japan, Nihon Tabi Company, under the direction of Shojiro Ishibashi, pursued the development of tire manufacturing. The company's first successful tire was finished in April of 1930. The next year Ishibashi

founded the Bridgestone Tire Company, LTD and since there was a strong preference at the time for imported products, he took the direct English translation of his family name, which means "stone bridge" and reversed it to form the name "Bridgestone" which had somewhat of an English sound that might appeal more to the Japanese public. Bridgestone entered the U.S. market in 1967 through a California sales subsidiary and then established production in the U.S. by purchasing a Firestone tire plant in 1983. Five years later in 1988, Bridgestone purchased the Firestone Tire & Rubber Company.

Harvey Firestone is undoubtedly spinning in his grave on the 100th anniversary of the founding of his company, because of a tire debacle so large that it could very well spell serious problems for the company before it is all over. It probably is not fair to poke fun at the problem tires that have evidently caused so many deaths in America and other countries, but cartoons do at least put a little humor into the situation.



BRUCE BEATTIE/COPLEY NEWS SERVICE

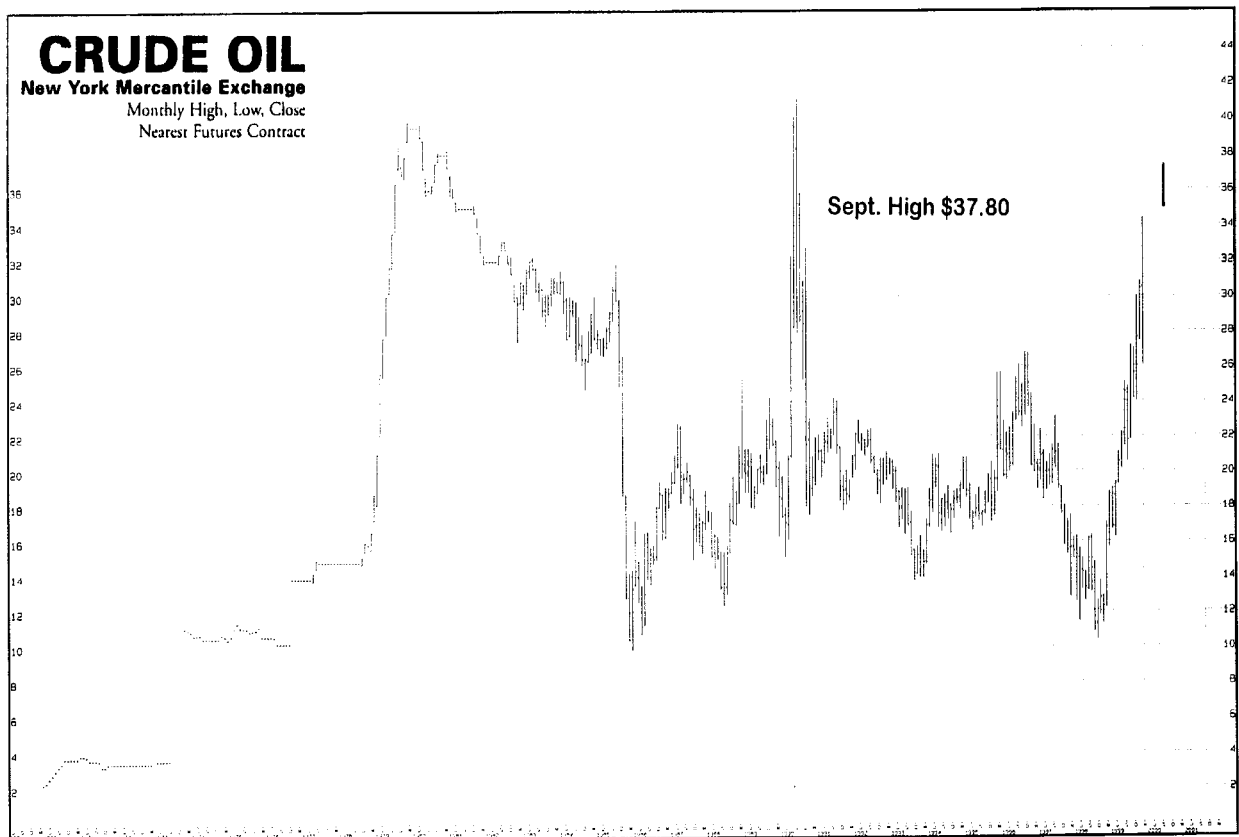


ROB ROGERS/UNITED FEATURE SYNDICATE

PRIMING THE ELECTION PUMP

The big news this summer was the increase worldwide in the price of gasoline, such that there were blockades in Europe, especially France and Great Britain. The price of crude oil had been bid up to the mid-\$30 price range, which in turn increased the price of gasoline worldwide. In the United States prices rose by \$.50-1.00 per gallon depending upon the geographical region of the country. These higher prices are the equivalent of another "gas tax," which will decrease discretionary income as \$1 more at the gas pump is \$1 less for discretionary spending. But history has shown that extreme rises in the price of oil are usually temporary as production eventually is increased to meet demand and the price then declines. The chart of crude oil prices on page 9 shows a floor at \$10 and a ceiling at \$40 since 1974, with about a \$20 price prevalent most of the time. Inspection of the chart would lead one to believe that if the peak price was not reached in September at about \$38, it will be soon. It is interesting to note that the peaks in price have come about 10 ½ years apart, which would imply a final top this time around March 2001. If the price

of crude stays at these relatively high levels until next year, almost certainly it will take a toll on economic activity (if it has not already) and pose a risk of price inflation, which would put the Fed in the middle of a big dilemma, i.e., whether to raise rates to fight inflation, and risk an economic slow down. OPEC has promised more production but the current conflagration in the Mideast could disrupt supplies. Kuwait has accused Iraq of stealing Kuwaiti oil via a pipeline laid during the Iraq occupation of Kuwait in 1990-91. Iraq is objecting to the levy of a tariff on all oil it produces, which goes into a fund for the purpose of rebuilding Kuwait from Iraqi war damage. This fund is now about halfway to the \$15.9 billion level established by the United Nations. Iraq is a total wildcard and could halt or reduce production at any time to achieve a political victory over the sanction of that fund. The prospect of a Mideast war doesn't help either.



Source: Bridge/CRB

Meanwhile, at Vice President Al Gore's urging, President Clinton released 30 million barrels from the strategic petroleum reserve. Gore, of course, had changed his tune from his earlier declaration that the SPR shouldn't be touched to manipulate prices. This was an obvious ploy to gain votes, and anyone who knows the facts can see that. The worldwide production of oil amounts to 75 million barrels per day, and OPEC alone produces 26 million barrels per day. So 30 million barrels is about equal to the production of one day by OPEC and will not do much good, and could, in fact, backfire when voters perceive it as politically motivated. When we travel overseas (as Perk did in August), we are always amazed by the price of gasoline, even before the current run-up in price. We

Amount for tax	Fuel price	
Norway		
\$3.05	\$1.25	\$4.30
Finland		
\$2.76	\$1.42	\$4.18
United Kingdom		
\$3.06	\$0.96	\$4.02
Netherlands		
\$2.57	\$1.33	\$3.90
France		
\$2.67	\$1.14	\$3.81
Belgium		
\$2.46	\$1.26	\$3.72
Italy		
\$2.36	\$1.32	\$3.68
Sweden		
\$2.46	\$1.22	\$3.68
Denmark		
\$2.44	\$1.20	\$3.64
Germany		
\$2.42	\$1.08	\$3.50
Austria		
\$1.96	\$1.25	\$3.21
Ireland		
\$1.85	\$1.34	\$3.19
Portugal		
\$1.41	\$1.59	\$3.00
Luxembourg		
\$1.60	\$1.25	\$2.85
Greece		
\$1.47	\$1.35	\$2.82
Spain		
\$1.62	\$1.17	\$2.79
United States		
\$0.37*	\$1.17	\$1.54
*Estimated average tax for all 50 states		
Source: European Commission; Automobile Association of Britain; Norwegian Embassy		
Associated Press		

always knew it had to have something to do with taxes because of the proximity of Great Britain and the Scandinavian countries to North Sea production. But we had not known the extent of the taxes in most foreign countries until we saw the table of gas taxes printed here. Norway is the worst, but even in the United Kingdom a price of over \$4 per gallon has over \$3 of taxes and only about \$1 for the cost of the product - - in other words, taxes are about three-fourths of the total. Look at the United States, where we pay an average of \$1.54 per gallon, with only 24% going for taxes compared to that 76% in the United Kingdom. Now don't you feel better?

CATS STILL LIVES IN LONDON

You may have noticed in the press recently that Cats, the famous Andrew Lloyd Webber musical, has folded in New York after 18 years. Well, not so in London, where it is still playing to full houses at The New London Theater where it opened in 1981. How are we so smart as to know all of this? Because Perk, on his recent trip, saw Cats for the 15th time (so he says). Is he nuts, or what? No, he says, it is just his favorite musical and gets better each time. The occasion of the year 2000 viewing of Cats was a trip by Perk and Dana when they took Dana's son Tony and his wife Jamie (Dolginow) on a trip promised two years ago when they were married. They flew to Edinburgh, staying at the

Houstoun House Hotel, where Perk stayed countless times when visiting institutional clients for Piper Jaffray from 1970-85. Although the original owners, the Knights, have sold it to a chain, it is still excellent for both food and wine, and many of the original staff are still there. Perk and Dana still count many of Perk's former clients as friends, and so there were dinners with as many as possible. One evening they dined with Donald and Sheila Ness and Peter and Anne Rintoul at Perk's favorite restaurant, the Champany Inn. Unfortunately, the proprietors, Clive and Anne Davidson, were on a holiday. The Champany and how it was purchased by the Davidsons and made into a world class restaurant, which has had much press, including a one-half page *New York Times* article, is another story worth telling some day. Donald Ness is now co-manager of the Scottish Investment Trust, one of whose original partners, Robb MacGregor, was Perk's first Scottish client and most helpful in making introductions at the beginning. By the way, as an aside, Perk first met Robb MacGregor when he wanted to come to see Deluxe Check

Printers, because he had heard that Perk was doing excellent research on the company. And Peter Rintoul, now a fund manager in Scotland, was a client when he was at Gartmore in London. Another evening, back at Champany, of course, they dined with Walter and Carolyn Riddell-Carre. Walter had been a fund manager at Edinburgh Fund Managers, but retired to become a "gentleman farmer" in the Borders area south of Edinburgh, where Walter and Carolyn live on the estate/farm that has been in the Riddell-Carre family for twelve generations. Sadly, friend and former client, Teddy Tulloch, was on holiday, as was Elspeth Skinner, David Skinner's widow, who was in Portugal with her children and grandchildren. Tony and Jamie played the American tourist role perfectly, seeing Edinburgh Castle, the Royal Mile, Hopetown House and much more.

In London, they qualified again for the tourist finals with visits to Westminster Abbey, Covent Garden, Tower of London and Buckingham Palace. Jamie wanted to see Stonehenge, although Perk, Dana and Tony had seen it before. And as it turned out the residence of Peter and Ailsa Briston was only a short distance further west, near Castle Cary, so after Stonehenge they drove to the Briston's for lunch and what a wonderful experience it was. Peter had been a portfolio manager at Gartmore Scotland in Glasgow when Perk knew him. Now retired, he and Ailsa live in County Somerset in Southern England. This was a marvelous day. In London Perk tried to call or visit as many old clients as possible, but August is holiday (vacation) time for the Brits, so many were gone. Fortunately, they were able to have dinner with Sam & Christine Stevenson; Sam was a fund manager at Gartmore when Perk met him, and he was one of Perk's sponsors to the City of London Club. Perk, Dana, Tony and Jamie managed to dine twice at their favorite restaurant, the Poissonnerie de la Avenue, an exceptional French fish restaurant which has been on Perk's list for all the years that he has traveled to London. Perk also managed lunch at Manzi's and Montpeliano, and dinner at Montpeliano with the COO of Two Way TV, which has a joint venture in the U.S. with Interactive Network, TWIN Entertainment, whose board Perk has just joined. There could be much more written about this trip, but you probably are already bored with it, so enough. The back of this page has some pictures taken with our new digital camera.

Lest you think we are leaving you high and dry without anything to laugh at, besides Perk's claim of seeing Cats 15 times, we have also appended two very funny e-mails. We hope you enjoy them as much as we did.

Sincerely,

Richard W. Perkins, C.F.A.
President
Senior Portfolio Manager

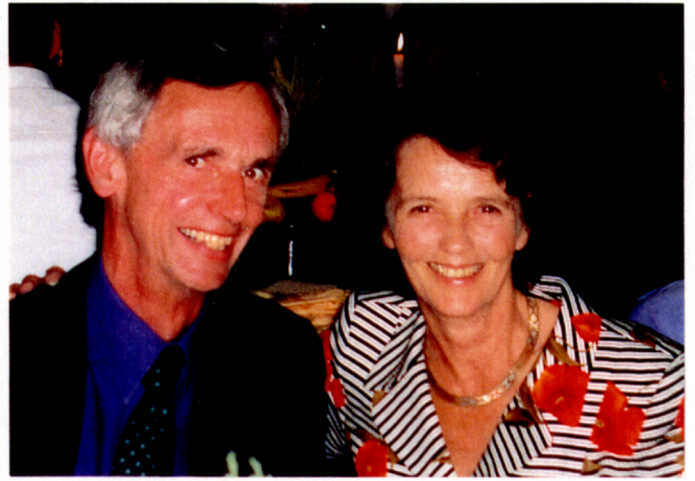
Daniel S. Perkins, C.F.A.
Vice President
Portfolio Manager

Richard C. Perkins, C.F.A.
Vice President
Portfolio Manager

RWP:DSP:RCP/jah



Perk with Peter and Anne Rintoul



Donald and Sheila Ness



Carolyn and Walter Riddell-Carre



Ailsa Briston, Perk and Peter Briston



Christine and Sam Stevenson



Jamie, Christine and Tony

IDIOTS

IDIOTS IN SERVICE:

This week, all our office phones went dead and I had to contact the telephone repair people. They promised to be out between 8:00 a.m. and 7:00 p.m. When I asked if they could give me a smaller time window, the pleasant gentleman asked, "Would you like us to call you before we come?" I replied that I didn't see how he would be able to do that, since our phones weren't working. He also requested that we report future outages by email. Does YOUR email work without a telephone line?.

IDIOTS AT WORK:

I was signing the receipt for my credit card purchase when the clerk noticed I had never signed my name on the back of the credit card. She informed me that she could not complete the transaction unless the card was signed. When I asked why, she explained that it was necessary to compare it to the signature I had just signed on the receipt. So I signed the credit card in front of her. She carefully compared the signature to the one I had just signed on the receipt. As luck would have it, they matched.

IDIOTS IN THE NEIGHBORHOOD:

I live in a semi-rural area. We recently had a new neighbor call the local township administrative office to request the removal of the Deer Crossing sign on our road. The reason: too many deer were being hit by cars and he didn't want them to cross there anymore.

IDIOTS IN FOOD SERVICE:

My daughter went to a local Taco Bell and ordered a taco. She asked the person behind the counter for "minimal lettuce." He said he was sorry, but they only had iceberg.

IDIOT SIGHTING #1:

I was at the airport, checking in at the gate when an airport employee asked, "Has anyone put anything in your baggage without your knowledge?" To which I replied, "If it was without my knowledge, how would I know?" He smiled knowingly and nodded, "That's why we ask."

IDIOT SIGHTING #2:

The stoplight on the corner buzzes when it's safe to cross the street. I was crossing with an intellectually challenged co-worker of mine when she asked if I knew what the buzzer was for. I explained that it signals blind people when the light is red. Appalled, she responded, "What on earth are blind people doing driving?!"

IDIOT SIGHTING #3:

At a good-bye luncheon for an old and dear co-worker who was leaving the company due to "downsizing," our manager commented cheerfully, "This is fun. We should do this more often." Not a word was spoken. We all just looked at each other with that deer-in-the-headlights stare.

IDIOT SIGHTING #4:

I work with an individual who plugged her power strip back into itself and for the life of her couldn't understand why her system would not turn on.

IDIOT SIGHTING #5:

When my husband and I arrived at an automobile dealership to pick up our car, we were told the keys had been locked in it. We went to the service department and found a mechanic working feverishly to unlock the driver's side door. As I watched from the passenger side, I instinctively tried the door handle and discovered that it was unlocked. "Hey," I announced to the technician, "It's open!" To which he replied, "I know - I already got that side."

NOW DON'T YOU FEEL BETTER?

MINNESOTAN'S GUIDE TO COMPUTER LINGO:

Vell, here ve go den:

LOG ON: making da vood stove hotter

LOG OFF: don't add vood

MONITOR: keep an eye on da vood stove

MEGAHERTZ: when a big log drops on your bare foot in da morning. Uffda!

FLOPPY DISK: vhat you get from carrying too much vood

RAM: da hydraulic ting dat makes da voodsplitter vork

DRIVE: getting home during most of da vinter

PROMPT: vhat ya vish da mail vas during da snow season

ENTER: come on in. Coffee?

WINDOWS: vhat ya shut vhen it gets 10 below

SCREEN: vhat is a must during black fly season

CHIP: vhat ya munch on during Vikings games

MICROCHIP: vhat's left in da bag vhen da chips are gone

MODEM: vhat ya did to da hay fields last Yuly

DOT MATRIX: Einar Matrix's vife

LAPTOP: vhere da grandkids sit

KEYBOARD: vhere ya suppose to put da keys so da Mrs. can find'em

SOFTWARE: da plastic picnic utensils, ya?

MOUSE: vhat leafs dem little droppings in da cupboard

MAINFRAME: da part of da sauna that hols up da roof

PORT: vhere da commercial fishin boats dock.

RANDOM ACCESS MEMORY: vhen ya can't remember how much ya spent on the new deer rifle vhen da vife asks about it den.